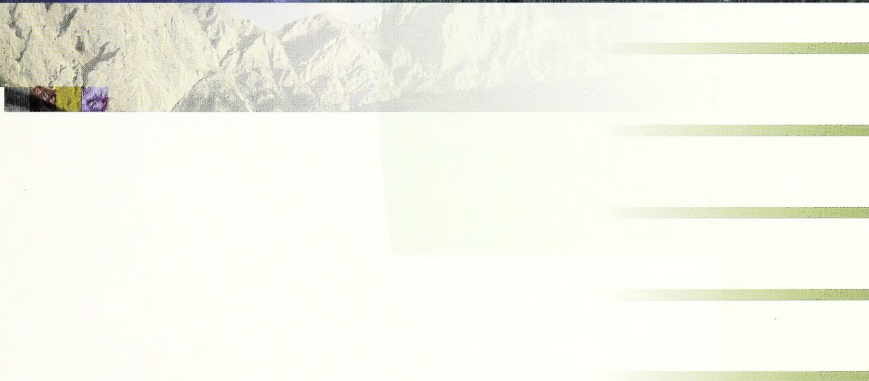


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# HIGHLIGHTS

of the Alberta Economy





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*Note: Every attempt was made to use the most verifiable, up-to-date facts from Statistics Canada, Alberta Economic Development and other reliable sources. However, as new statistics become available over time, the specific information presented, while still representing a good overall picture of Alberta's economy, will become increasingly less accurate.*

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## Introduction to Alberta's Advantages

Alberta is blessed with an abundance of natural advantages, which have formed the foundation of our province's thriving economy. The Alberta government has built on this by engineering an economic plan that ensures a positive business climate exists in our province. A climate that encourages investment, creates diversity, and empowers Alberta businesses to compete successfully around the globe. The result is one of the world's most vibrant and competitive economies.

### The natural advantages include:

- An abundance of energy reserves which fuel a thriving oil and gas industry and keep energy costs low for Alberta businesses
- An abundance of forest reserves to responsibly meet the needs of a growing forest products industry
- Excellent farm land, which supports world-class agriculture production
- Clean air and water, unmatched scenery, and culturally diverse communities with a quality of life second to none

### Alberta's positive business climate includes:

- The lowest overall taxes in Canada
- No provincial sales tax (the only province in Canada without one)
- No general capital or payroll taxes prevalent in other provinces and US states
- A highly entrepreneurial and competitive business community
- A government committed to less regulation to enhance business competitiveness
- A fiscally responsible government that has eliminated its net debt, demonstrating to investors the business-like attitude of the government here
- A highly skilled, educated, and motivated workforce that is the most productive in Canada

- A strong science and technology culture
- World-class infrastructure to support business, including transportation, telecommunications, and utilities, as well as excellent hospitals, schools, and post-secondary institutions

### The economic results:

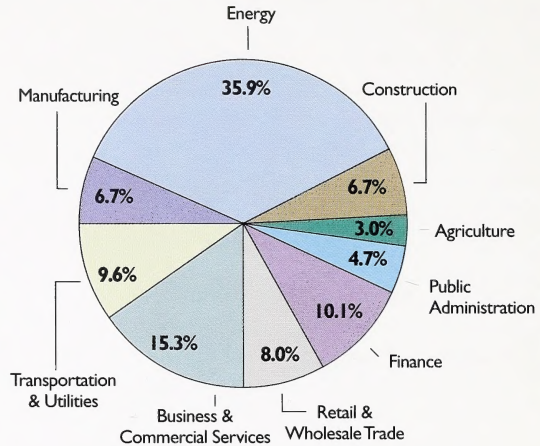
- A strong and vibrant economy - Alberta has had the fastest growing economy in Canada over the past five years, with the annual real rate of growth averaging 3.8 per cent. In 1998, the growth rate was 3.1 per cent and experts predict Alberta to be among the nation's leaders in the future.
- Alberta's businesses exported more than \$33 billion worth of goods and services in 1998, an increase of 49% since 1993. A growing number of those exports are manufactured products and services. Exports of manufactured goods more than doubled between 1993 and 1998.
- A rapidly growing manufacturing base. Between 1993 and 1998, the industry's shipments increased 57 percent to \$32.9 billion.
- The province consistently has the highest investment per capita among provinces. A total of \$28.4 billion was invested in 1998, an increase of 59% since 1993. During the past five years (1994 - 1999), investment in the manufacturing sector more than doubled.
- Alberta's vibrant economy translates into a healthy job market. Average annual employment in the province in 1998 increased by 57,000 over 1997. More than 217,000 new jobs were created between 1993 and 1998.
- Alberta's average unemployment rate in 1998 was the lowest in Canada (tied with Manitoba).



## Alberta GDP By Industry

- Over the past five years, Alberta has had the strongest economy in Canada, with an average real rate of growth of 3.8% per year.
- Alberta has capitalized on its strengths in agriculture, energy, forestry and industrial products to develop a dynamic and diverse economy.
- Over the past decade, the economy has experienced rapid growth in such industries as petrochemicals, forest products, food processing, machinery, electronics and telecommunications, as well as tourism and business services.

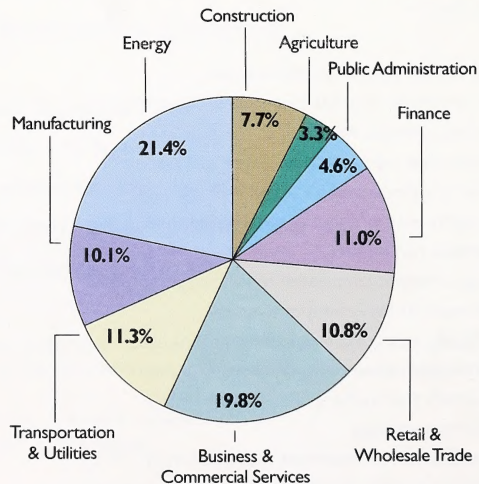
### Structure of the Alberta Economy Percentage Distribution of GDP – 1985



**Total GDP: \$61.2 Billion**

Source: Alberta Treasury

### Structure of the Alberta Economy Percentage Distribution of GDP – 1997



**Total GDP: \$93.7 Billion**

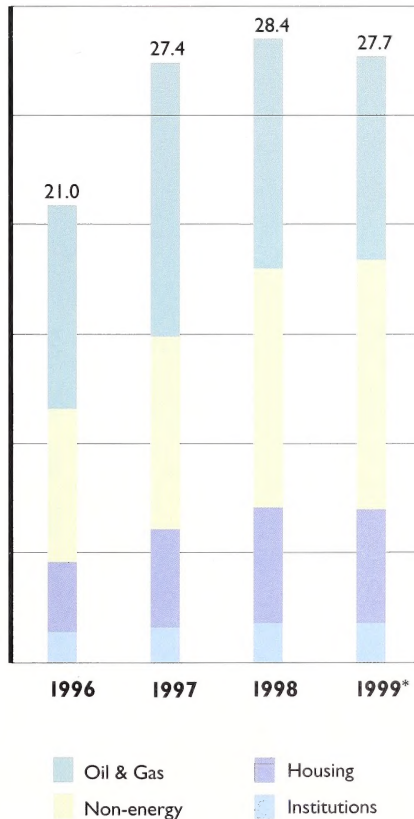
Source: Alberta Treasury

## Attractive Investment Climate

- Alberta consistently records the highest investment per capita among provinces, with a total of \$28.4 billion in investment in 1998, and a projected \$27.7 billion in 1999.
- Strong investment growth anticipated over the next three to four years will be led by increased investment in oil sands, petrochemicals, pipelines, food processing, and business services.

### Total Investment in Alberta (Capital Expenditures)

(\$ Billions)



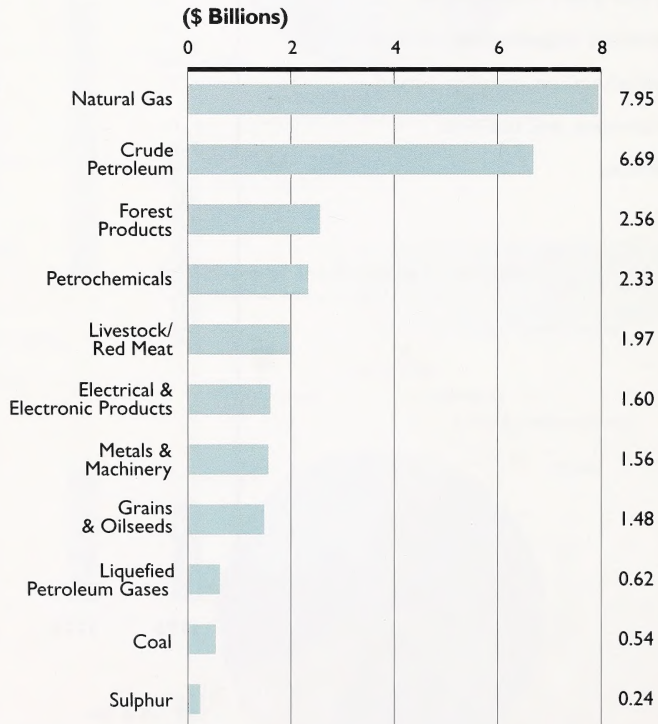
\* Intentions  
Source: Statistics Canada



## An Exporting Economy

- In 1998, Alberta businesses exported over \$33 billion worth of goods and services to world markets, an increase of 49% over 1993.
- As well as exports of primary resource products, Alberta exports an increasing volume and variety of manufactured products. Exports of manufactured products more than doubled between 1993 and 1998.

**Alberta's Major Product Exports – 1998**



Source: Statistics Canada

## Strategic Location

- Immediate western Canadian market of more than 9 million people.
- Proximity to the western United States provides easy access to an overall market of more than 50 million people.
- Alberta's international airports in Edmonton and Calgary provide excellent air service to both Canadian and international destinations.



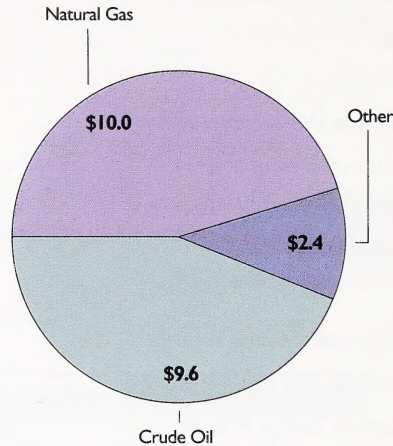
## Abundance of Natural Resources

### Energy

- Long known as Canada's *energy province*, Alberta has 54% of the country's proven reserves of conventional crude oil, 79% of its natural gas, 46% of its coal, and all of its oil sands reserves.
- Alberta's 1998 gross revenues from all hydrocarbons was \$22 billion, a decline of 18% from 1997, due to lower oil prices.
- In 1998, energy resource exports accounted for \$16 billion of Alberta's exports, slightly less than half of Alberta's total exports of goods and services.

### Alberta's Energy Revenues – 1998

Total: \$22.0 Billion

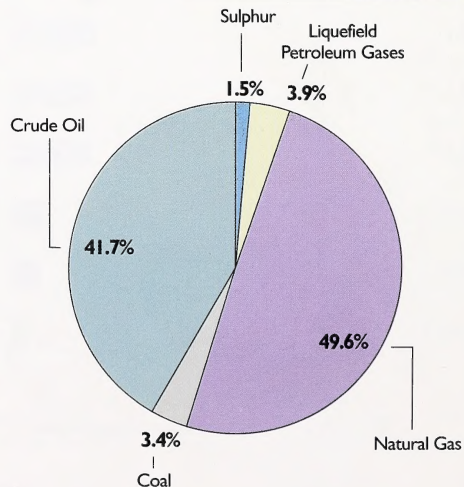


#### \$ Billions

Note: Other includes liquefied petroleum gases, sulphur, and coal  
Source: Alberta Energy and Utilities Board

### Alberta's Energy Exports – 1998

Total: \$16.0 Billion



Source: Statistics Canada





## Abundance of Natural Resources

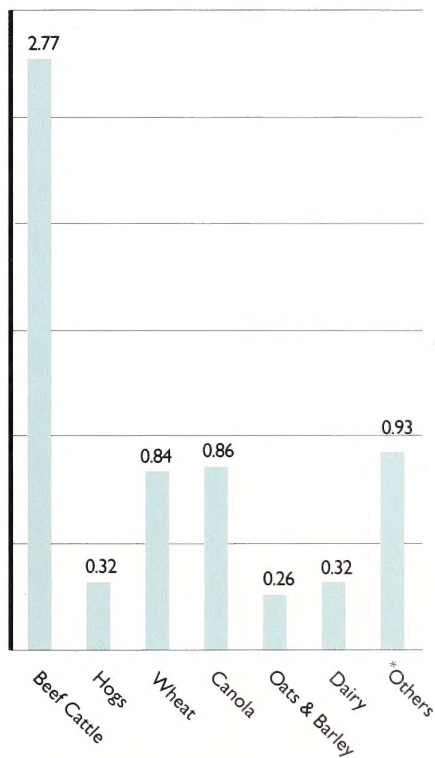
### Agriculture

- With more than 51 million acres presently used for crop and live-stock production, Alberta has one of the world's most productive agricultural economies.
- In 1998, total farm cash receipts reached \$6.29 billion, which represented 21.7% of the value of Canada's total agricultural production.

#### Alberta's Major Agricultural Products – 1998

Farm Cash Receipts (\$ Billions)

Total Farm Cash Receipts: \$6.29 Billion



\* Includes program payments, vegetables, sugar, honey, poultry, eggs, etc.  
Source: Statistics Canada



## Abundance of Natural Resources

### Forestry

- Total forest industry shipments reached approximately \$3.8 billion in 1998, and exports were about \$2.5 billion.\*
- Alberta covers over 66 million hectares of land; 58% or 38 million hectares is forested.
- Of the forested area, 61% or 23 million hectares are considered suitable for harvest.
- Annually, Alberta allows 22.1 million cubic metres to be harvested, of which 12.8 million cubic metres is for conifers and 9.3 million cubic metres is for deciduous.



\* Includes wood products and pulp & paper.

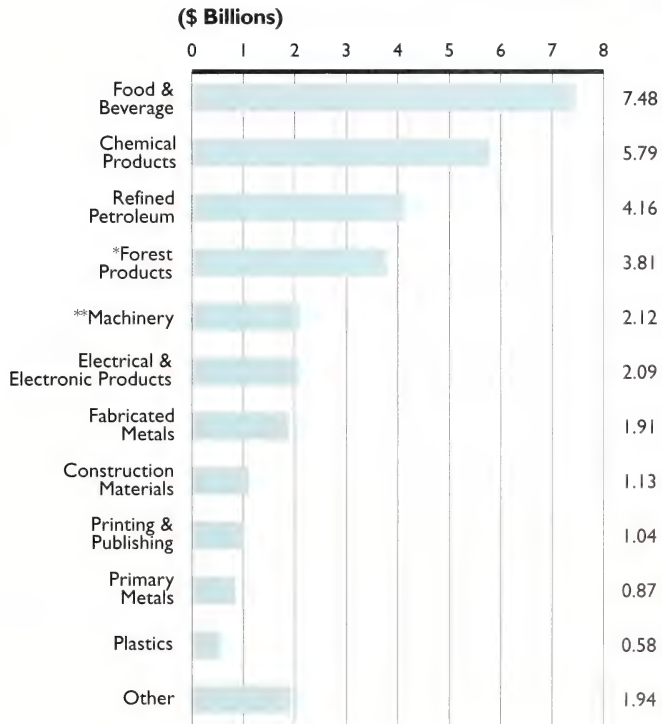
## A Growing Manufacturing Base

Between 1993 and 1998, Alberta's manufacturing shipments increased by 57% to \$32.9 billion.

Alberta's manufacturing sector is closely tied to the resource sector. Almost two thirds of manufacturing output consists of value-added resource products.

### Value of Alberta Manufacturing Shipments – 1998

Total: \$32.9 Billion



\* Includes wood products and pulp & paper.

\*\* Excludes electrical machinery

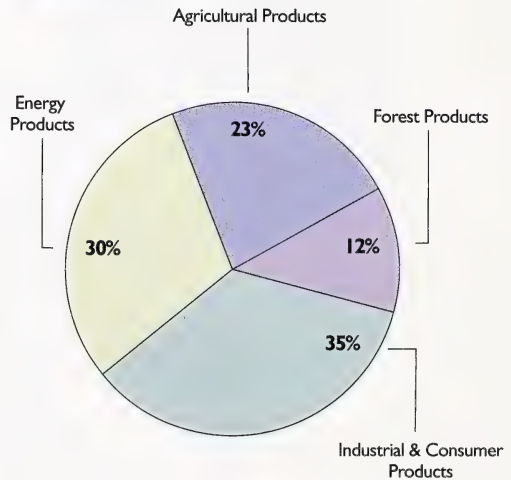
Source: Statistics Canada



## Manufacturing Shipments by Industry Group

- In 1998, energy based manufacturing industries contributed \$9.9 billion or 30% of total manufacturing shipments.
- Agricultural processing industries contributed \$7.5 billion or 23%.
- Forest products industries shipped \$3.8 billion or 12%.
- The industrial and consumer products sector accounted for \$11.7 billion or 35%.

**Manufacturing Shipments by Industry Group – 1998**



Sources: Statistics Canada and Coopers & Lybrand

## Advanced Technology

- Alberta's extensive network of research and development institutions and facilities help develop and commercialize advanced products and processes.
- Alberta's high technology community includes many large multinational companies with significant manufacturing operations in Alberta.
- The Alberta Government's research and development expenditures are among the highest, on a per capita basis, in Canada.

**Advanced Technology  
Institutes & Facilities**

**Telecommunications  
Research Laboratories  
(TR Labs)**

**University of Alberta  
Microfabrication Laboratory**

**Biotechnology  
Pilot Plant**

**Alberta  
Research Council**

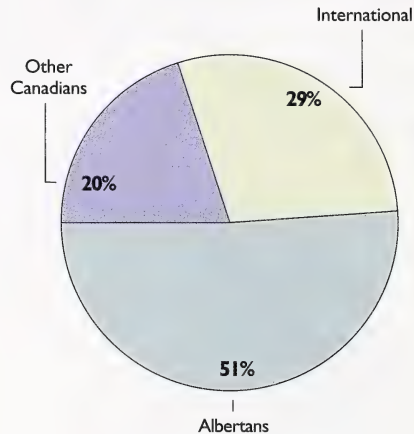
**Centre for Engineering  
Research  
(CFER)**

## A Vibrant Tourism Industry

- Alberta offers internationally recognized tourist destinations, natural scenic beauty, world renowned national parks, a diversity of landscapes, and friendly, safe, dynamic cities.
- Tourism creates over 90,000 full-time jobs for Albertans and generated about \$4.1 billion in revenues in 1998.
- Almost half of this amount, about \$2.0 billion, came from out-of-province visitors.

### Tourism Receipts – 1998

Total: \$4.1 Billion



Source: Alberta Economic Development





## Arts and Culture

The arts and culture sector contributes to an exciting quality of life for Alberta's residents, offering superb leisure time, business, education, career development, and life enrichment opportunities.

In 1997, 337 arts organizations, funded by the Alberta Foundation for the Arts, contributed almost \$100 million to the provincial economy and provided employment for almost 3,000 Albertans.

Member festivals of the Alberta Arts Festivals Association held almost 3,000 events in 1997, to which total attendance was 1.2 million. Those festivals contributed more than \$7.5 million to Alberta's economy.

During 1997, 40,844 Albertan volunteers helped to keep the arts alive and active across the province by contributing time, equivalent to 952 full-time jobs.



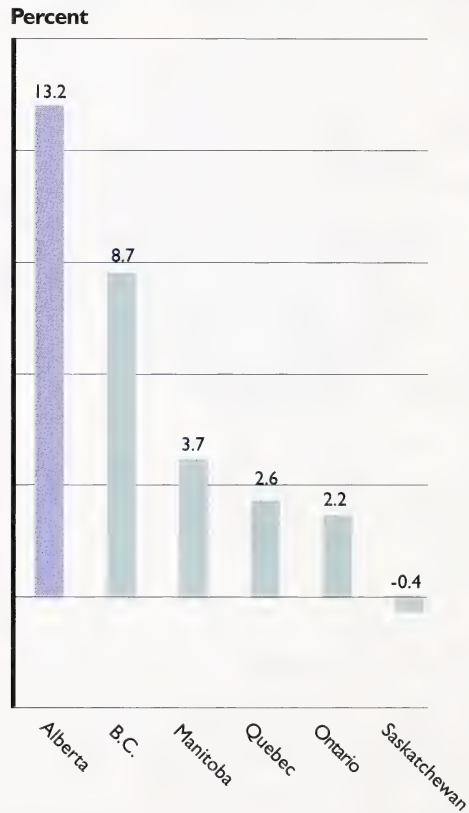
The arts

## Small Business

### Cornerstone of the Economy

- Alberta has a dynamic and innovative business climate, as shown by its growth in small businesses.
- Alberta enjoyed the largest increase in Canada of 13.2%, or 12,920 employer businesses from the 4th quarter of 1993 to the 4th quarter of 1997.
- Alberta has the second highest percentage of self-employed workers in Canada.

**Percentage Change in Business Employers**  
By Province, 4th Quarter 1993 – 4th Quarter 1997



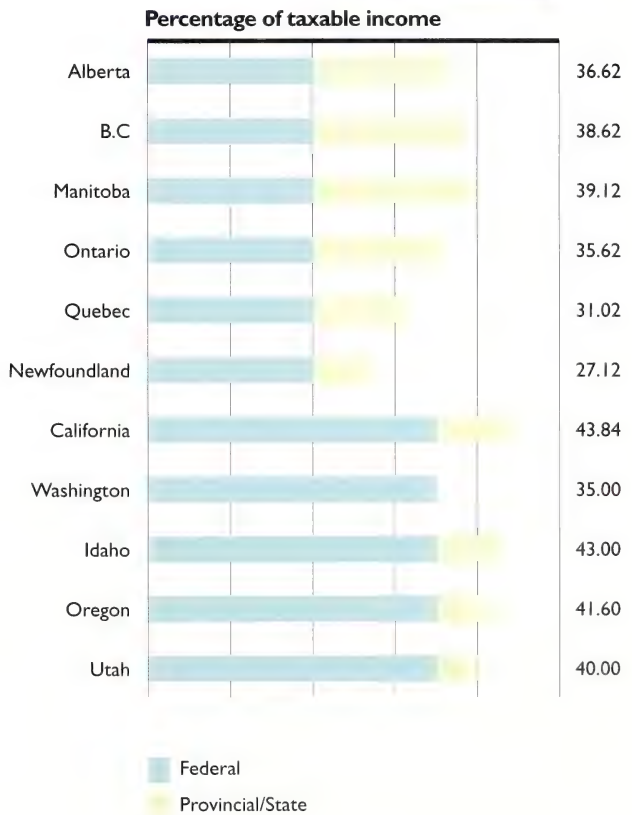
Source: Statistics Canada

## Competitive Corporate Taxes

- Albertans benefit from the lowest overall taxes in Canada.
- Alberta is the only province that does not have a provincial retail sales tax.
- Alberta has a competitive corporate tax rate for manufacturers.
- The combined federal/provincial corporate income tax rate is 44.62% for general businesses, 36.62% for large manufacturers and processors, and 19.12% for small businesses.
- Alberta does not have any general capital or payroll taxes, which are common in many other provinces and U.S. states.

### Corporate Income Tax Rates for Manufacturers

Combined Federal and Provincial/State



Rates known as of May 1999

Source: Alberta Economic Development



## Provincial and State Corporate Income Tax Rates

Provincial Corporate Income Tax Rates (%)				State Corporate Income Tax Rates (%)			
Province	General	Mfg. & Processing	Small Business	State	General	Mfg. & Processing	Small Business
Newfoundland	14.0	5.0	5.0	Washington (a)	n/a	n/a	n/a
Prince Edward Island	16.0	7.5	7.5	Oregon	6.6	6.6	6.6
Nova Scotia	16.0	16.0	5.0	California	8.84 (b)	8.84	8.84
New Brunswick	17.0	17.0	6.0	North Dakota	10.5 (c)	10.5	3.0 – 9.0
Quebec	8.9	8.9	8.9	Montana	6.75	6.75	6.75
Ontario	15.5	13.5	8.5	Idaho	8.0 (d)	8.0	8.0
Manitoba	17.0	17.0	8.0	Colorado	5.0 (e)	5.0	5.0
Saskatchewan	17.0	10.0-17.0	8.0	Utah	5.0 (f)	5.0	5.0
Alberta	15.5	14.5	6.0	New Mexico	4.8-7.6 (g)	4.8 – 7.6	4.8
British Columbia	16.5	16.5	5.5	Louisiana	8.0	8.0	4.0 – 8.0
Federal	29.12	22.12	13.12	Federal	35.0	35.0	30.6(h)

Canadian rates known as of May 1999.

U.S. rates known as of January 1999.

Source: Alberta Economic Development

State:

- Washington has a business and occupation tax in lieu of an income tax which is based on gross revenue sales (0.138% to 3.3% according to the type of business).
- California levies an alternative minimum tax of 6.65%.
- North Dakota levies an alternative minimum tax of 6%.
- Idaho levies an alternative tax of 1% of gross sales.
- Colorado levies an alternative tax of 1/2% of gross sales.
- Utah levies an alternative tax ranging from 0.8613% to 1.752% of gross sales.
- New Mexico levies an alternative tax of 3/4% of gross sales.
- Estimated average rate between taxable income of \$0 and US \$200,000.

## Provincial Capital and Payroll Tax Rates (%)

Province	Capital Tax (General)	Payroll Tax
Alberta	—	—
British Columbia	0.3	—
Saskatchewan	0.6	—
Manitoba	0.3/0.5(a)	2.15
Ontario	0.3	1.95
Quebec	0.64	4.26
Newfoundland	—	2.0
New Brunswick	0.3	—
Nova Scotia	0.25	—

Rates known as of March 1999.

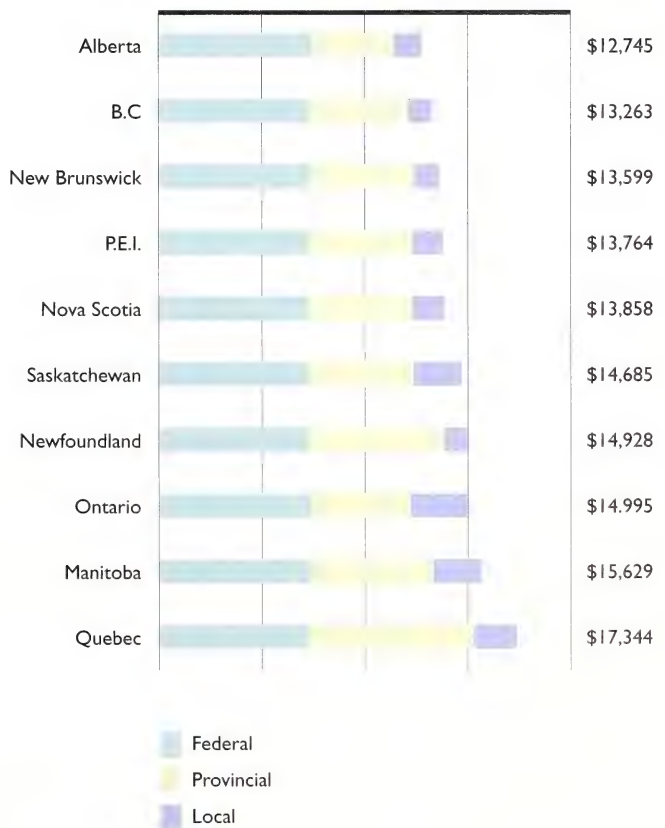
Source: British Columbia Budget, March 1999

- Manitoba has a \$3 million exemption level and the higher rate applies to paid-up capital in excess of \$10 million.

## Low Personal Taxes

- The overall tax burden on individual Albertans is by far the lowest of any province in Canada.
- Alberta's provincial personal taxation rates are among the lowest in Canada.
- A two income Alberta family of four, earning \$55,000 per year, pays about \$2,200 less in taxes than in Ontario, and \$4,600 less than in Quebec.

**Comparison of Provincial and Federal Taxes by Province**  
Two Income Family of Four – \$55,000



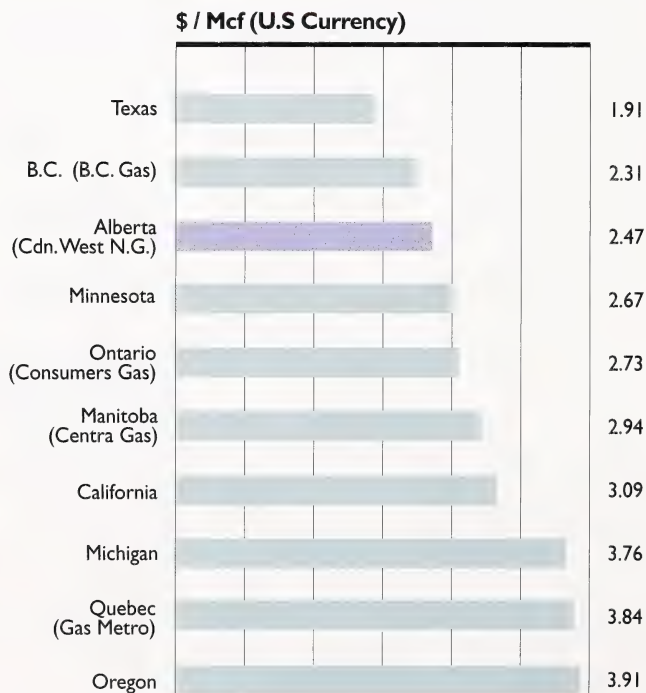
Source: British Columbia Budget, March 1999  
Including all income, consumption, and property taxes

## Low Natural Gas Rates

Due to the abundance of natural gas resources, new technologies and expertise, Alberta's natural gas rates are among the lowest in North America.

Alberta's natural gas rates are up to 37% lower, compared to other Canadian provinces and U.S. states.

**Natural Gas Rates – February 1998**  
Industrial Averages



Source: Canadian Enerdata Ltd. and U.S. Energy Information Administration  
Note: 1 Can \$ = 0.674 U.S.\$



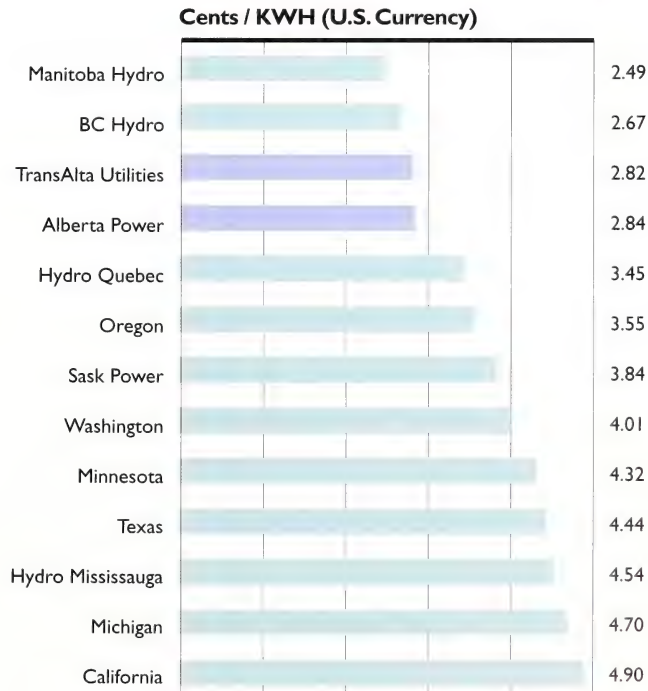
## Low Electricity Rates

With an abundance of low sulphur coal and natural gas, Alberta offers the business community a competitive advantage in a reliable supply of electricity at rates that are among the lowest in North America.

Alberta electric utility industry restructuring and deregulation is creating a more competitive and open market for electricity.

### North American Industrial Electricity Rates – January 1999

10,000 KW demand, 70% load factor



Source: Trans Alta Utilities, Hydro Mississauga and Edison Electric Institute, U.S.

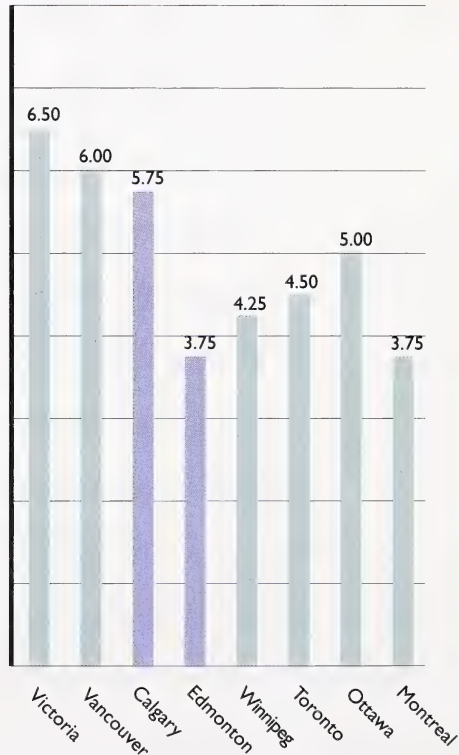
Note: 1 Can \$ = 0.674 U.S. \$

## Industrial Lease Rates

- Industrial lease rates in Edmonton (and Montreal) were the lowest of any major city in Canada in 1998.
- The industrial vacancy rate in Calgary rose from 1.5% in 1997 to 2.9% by year-end 1998, as a result of record levels of new construction.

Tenants in the manufacturing, and distribution industries will provide Edmonton and Calgary with a robust industrial market in 1999.

### Industrial Lease Rates (\$ per square foot)



Source: Colliers Macaulay Nicolls Inc.  
Canadian Real Estate Review 1998-1999  
Note: For medium size warehouse space

## Office Operating Costs

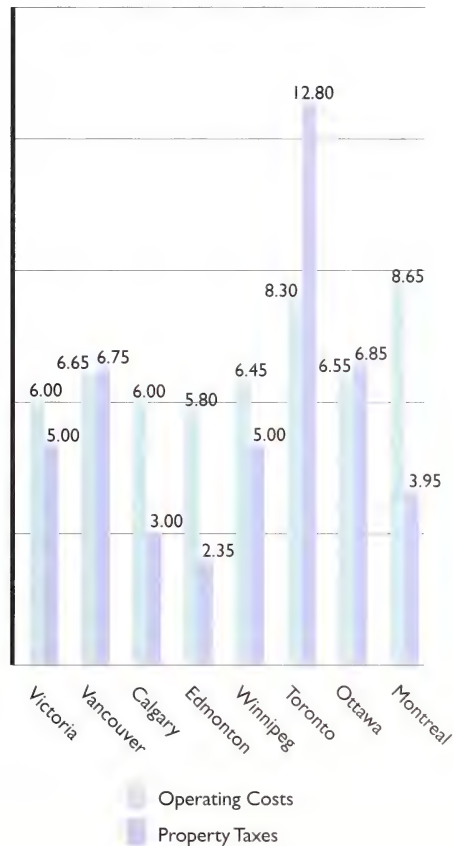
Combined office operating costs and property taxes in both Edmonton and Calgary are the lowest of all major cities in Canada.

Property taxes in Calgary are less than half of what they are in Vancouver, and less than a quarter of Toronto's property taxes.

Net effective rents for premium quality office space average between \$4.00 and \$7.00 per square foot in Edmonton – still among the lowest rents in Canada.

### Office Operating Costs & Taxes

(\$ per square foot, downtown class A)



Note: Operating costs include utilities, building management, and janitorial

Source: Colliers Macaulay Nicolls Inc.

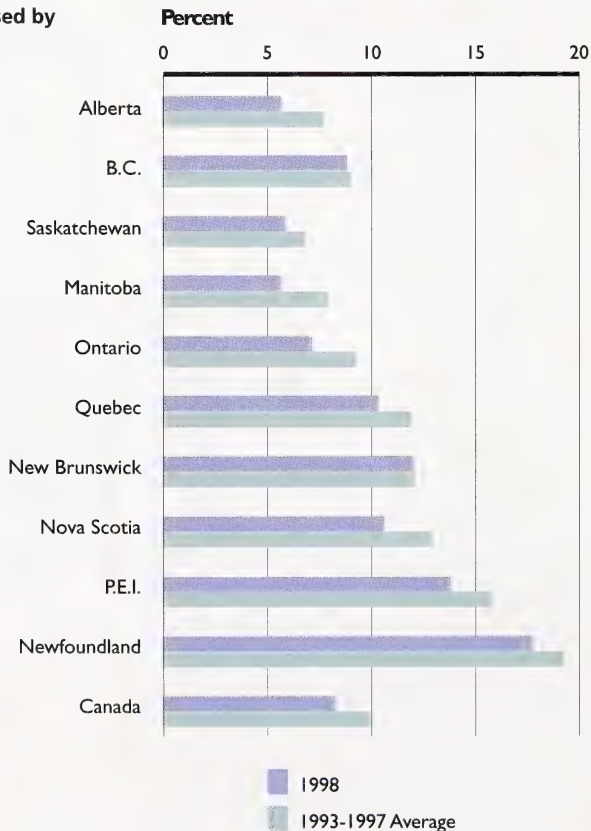
Canadian Real Estate Review 1998-1999

## Alberta's Labour Force

- Alberta's unemployment rate has consistently been one of the three lowest of all the provinces in Canada.
- Alberta's unemployment rate averaged 7.8% from 1993 to 1997 and declined to 5.7% in 1998.

In 1998, average employment in the Alberta economy increased by 57,000 over 1997.

**Unemployment Rates by Province**  
1993 - 1998



Source: Statistics Canada



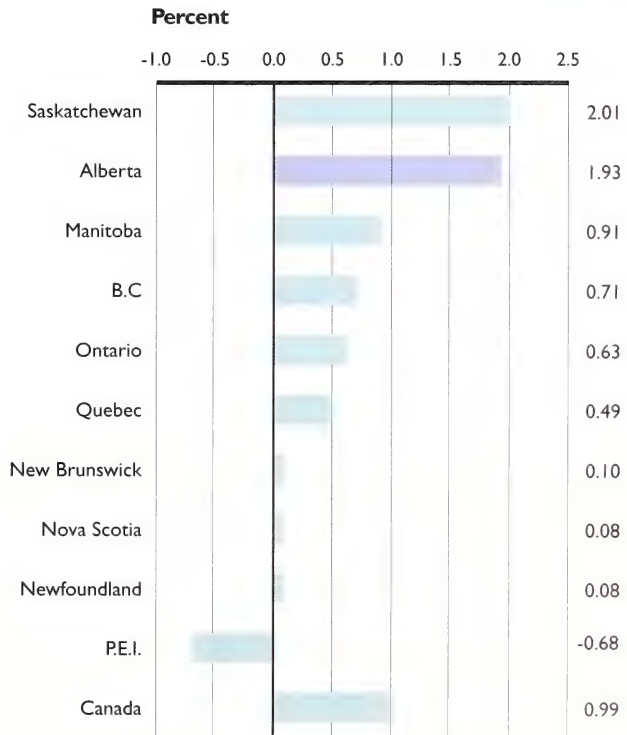
## Labour Productivity

Alberta's total economic productivity increased at an average annual rate of 1.9% between 1989 and 1997, which was the second highest rate in Canada.

Alberta's manufacturing productivity increased at an average annual rate of 4.2% between 1989 and 1997, which was the highest rate of growth in Canada.

Alberta consistently has one of the best labour records of any province in Canada, in terms of fewest workdays lost due to strikes.

**Total Economic Productivity Growth Rates  
Total Factor Productivity — 1989-1997**  
(based on hours)



Source: Centre for the Study of Living Standards

## Wages/Salaries

Average weekly manufacturing wage rates are competitive with most provinces and U.S. states.

When fringe benefits, particularly medical insurance costs, are added to U.S. wages, Alberta's wage costs are much lower than in the United States.

### Average Weekly Manufacturing Wages (Excludes Overtime, Annually, Unadjusted) - 1998



Source: Statistics Canada and the U.S. Department of Labour  
Note: 1 Can \$ = 0.674 U.S. \$

## Workers' Compensation Board Premiums

The Alberta Workers' Compensation

Board (WCB) has taken steps over the past several years to improve operations and reduce accident claims.

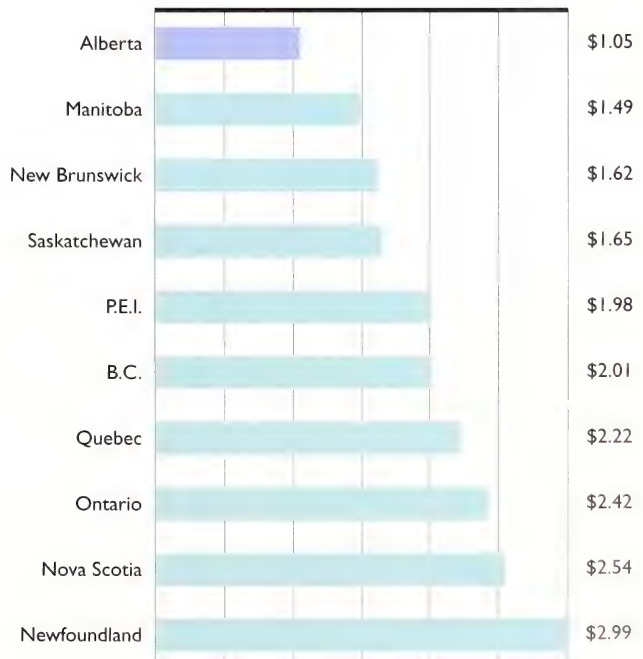
The average actual premium rate in 1998 was \$1.38 per \$100 of insurable earnings.

Alberta's 1999 estimated rate of \$1.05 per \$100 of insurable earnings is the lowest in Canada.

Since 1994, premium rates have fallen by 54%.

### Workers' Compensation Board Premiums

(\*1999 Provisional Assessment Rates per \$100 Payroll)



Source: Association of Workers' Compensation Boards of Canada

## Quality Education

Albertans are among the best educated people in North America.

During 1998, 49% of the labour force reported holding a post-secondary certificate, diploma, or university degree.

Alberta's post-secondary education system has a total of 26 institutions, including four universities, two technical institutes, 15 public colleges, four private accredited colleges, and the Banff Centre.

Alberta's four universities have over 83,000 students in total. Over 200,000 students are enrolled in the public post-secondary education system.

Alberta has over 30,000 registered apprentices in 50 trades.

### Alberta's Post-Secondary Education System

#### University of Alberta

Canada's second largest English-speaking university with about 34,000 students\*\*. Extensive research facilities.

#### University of Calgary

With over 28,000 students\*\*, U of C is a major research centre.

#### \*NAIT & SAIT

Among the largest polytechnical institutes in Canada with about 40,000 students in total\*\*.

#### Public Colleges

Fifteen public colleges with over 54,000 students in total\*\*.

#### Private Accredited Colleges

Four private accredited colleges with about 3,400 students in total.\*\*

\* Northern Alberta Institute of Technology and Southern Alberta Institute of Technology.

\*\* Full and part-time fall enrolment, 1997-98.





## Quality Health Care

- For modest insurance premiums, Albertans can take advantage of an exceptional range of medical services.
- The costs of health care in Alberta, as they are in the rest of Canada, are for the most part covered by general federal and provincial taxes. In Alberta, health care premiums are \$34 per month for individual coverage and \$68 per month for family coverage.
- Major medical centres in Edmonton and Calgary offer specialty and high technology care while pursuing active research programs.
- The Alberta Heritage Foundation for Medical Research funds the highest calibre of biomedical and health research in the province. Since 1980, more than \$570 million has been awarded to 6000 scientists and trainees, who attract \$2 to \$3 in outside funding for every Heritage dollar invested.

## Alberta Government's Business Strategy

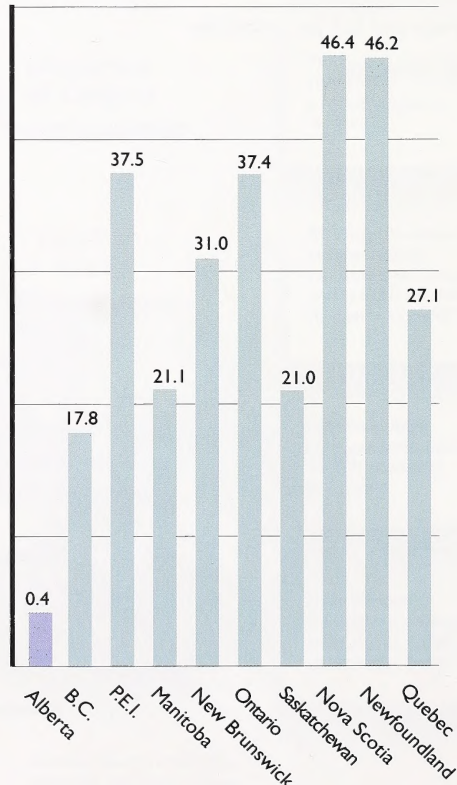
- Four pillars of a strong foundation for Alberta:

- balanced budgets are the law
- business plans ensure Albertans' priorities are the government's priorities
- measuring results will improve Alberta's programs
- Debt Retirement Act requires deliberate paydown of Alberta's debt.

- Over the past six years, Alberta has balanced its budget and paid down \$8.3 billion in debt.
- Alberta's provincial debt as a percentage of GDP for fiscal year 1998/99 is the lowest in Canada.
- To attract investment and encourage job growth in the private sector, the Alberta Government is committed to free enterprise, economic development, a competitive tax environment, a strong infrastructure, and less regulation and red tape.
- The province's net debt was eliminated by June 30, 1999, twenty years ahead of the original schedule.

### Provincial Debt as a Percent of GDP March 31, 1999\*

Percent



Source: Alberta Treasury

\* Reporting differences may mean that figures are not entirely comparable across provinces.



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